

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7858

BILL NUMBER: SB 568

NOTE PREPARED: Jan 12, 2005

BILL AMENDED:

SUBJECT: Ambulatory Outpatient Surgical Centers.

FIRST AUTHOR: Sen. Miller

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

| STATE IMPACT | FY 2005 | FY 2006 | FY 2007 |
|-------------------------|---------|----------|----------|
| State Revenues | | 5,500 | 5,500 |
| State Expenditures | | 25,700 | 31,400 |
| Net Increase (Decrease) | | (20,200) | (25,900) |

Summary of Legislation: This bill specifies that a birthing center and a facility that performs abortions are included in the definition of an ambulatory outpatient surgical center. The bill excludes a physician's office from the definition of an ambulatory outpatient surgical center.

Effective Date: July 1, 2005.

Explanation of State Expenditures: There are 9 clinics that have reported terminations of pregnancies to the Indiana State Department of Health (ISDH) during CY 2004 and possibly 2 birthing centers that would be required to be licensed by the Department as ambulatory outpatient surgical centers. The ISDH has reported that it can adopt the necessary rule changes to expand the licensing procedures within the existing level of resources available. However, the Department reports that the survey work necessary for this additional number of licenses will require additional state funding in a range of \$25,700 to \$49,800 in FY 2006 and \$31,400 to \$63,600 in FY 2007. The ultimate cost of this bill would be dependent upon administrative actions and the number of procedures performed annually by each of the clinics and birthing centers.

The cost estimate is based upon the need for one additional licensure surveyor; part-time or full-time depending upon the final form of the rules and the number of licensure surveys and complaint surveys that may be required to be performed. Abortion clinics and birthing centers would not meet the federal definition of ambulatory outpatient surgery center that is the basis for the rules in Indiana. Separate survey standards would need to be developed for these two different types of facilities. Since there is no similar federal certification classification, the state will be responsible for 100% of the survey expense.

Appropriation Background: The Indiana State Department of Health administrative appropriations were made from the dedicated Tobacco Master Settlement Agreement Fund for FY 2004 and FY 2005. Revenues from fees and penalties collected by the Department are deposited in the General Fund, with augmentation allowed in amounts not to exceed the additional revenue from fees or penalties received after July 1, 2003. The funding source of the FY 2006 and FY 2007 ISDH administrative appropriations will be determined by the General Assembly.

Explanation of State Revenues: The bill would include birthing centers and abortion clinics under the definition of ambulatory outpatient surgery center and the annual licensing and inspection fee applicable to those facilities would apply. The fiscal impact on collections of fee revenue would be the minimum fee of \$500 times 11 facilities, or \$5,500. The maximum fiscal impact on licensing revenue would be an annual increase that would be dependent upon the level of the procedures performed in the previous year as shown below.

| Total Annual Procedures | Fee |
|-------------------------|---------|
| 0 – 799 | \$500 |
| 800 – 3,499 | \$1,000 |
| 3,500 – 6,999 | \$2,000 |
| 7,000 and above | \$3,000 |

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana State Department of Health.

Local Agencies Affected:

Information Sources: Zach Cattell, Legislative Liaison, Indiana State Department of Health, 317-233-2170; Terry Whitson, Assistant Commissioner for Regulatory Services, 317-233-7022; *Induced Termination of Pregnancy Reports*, Indiana State Department of Health at: <http://www.in.gov/isdh/dataandstats/itp/index.htm>; and 414 IAC 1-1-2 for Outpatient Ambulatory Surgery fees.

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